

Head 327- Land Use Policy Planning Department

1. Financial Statements

1.1 Opinion

Head 327 - The audit of the financial statements of the Land Use Policy Planning Department for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance and cash flow statement for the year then ended ,and notes to the financial statements, including material accounting policy information was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report including my comments and observations on the financial statements of the Land Use Policy Planning Department was issued to the Accounting Officer on 06 May 2024 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 06 June 2024. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Land Use Policy Planning Department as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a). The financial statements are consistent with the preceding year,
- (b). The recommendations made by me on the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The amount spent out of Rs. 2,000,000 allocated under the staff training expenditure object in the year 2023 was Rs.695,128 and the balance was Rs.1,304,873. The said balance was 65 percent, which was against the provisions of the Financial Regulation No. 04.	This saving was due to the limitation of conducting planned training sessions by the institute pursuant to the notification No. BD/CBP/01/01/05/2022 made by the Treasury Secretary through the Budget Circular No. 01/2023 dated 27-01-2023 to provide training opportunities only for mandatory local training under the expenditure for staff training by the Institute.	Estimates should be prepared as accurately as possible.

3. Operating Review

3.1 Vision and Mission

Audit Observation	Comments of the Accounting Officer	Recommendation
Approval of the Cabinet of Ministers had been given in August 2018 to revise the National Land Use Policy for optimal and sustainable management of land resources in Sri Lanka. Accordingly, the preparation of the National Land Use Policy had not been completed even though the preparation of final draft of the National Land Use Policy for Sri Lanka, which is a major task, and submitting the final draft prepared to revise it according to current needs to the Ministry of Lands and Tourism had been completed, the preparation of the National Land Use Policy had not been completed.	Even though the Policy Amendment Declaration had been forwarded to the Ministry of Lands on 11 May 2023 for submission to the approval of the Cabinet of Ministers, the National Land Use Policy finalized by the Ministry of Lands had not been submitted for the approval of the Cabinet of Ministers on a matter of policy that cannot be interfered with by the Department, and it is a matter beyond the control of this Department.	The preparation of the National Land Use Policy should be completed as soon as possible.

3.2 Non Achievement of Anticipated Output

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though it is mentioned according to the action plan that the land use plans of 323 divisional secretariat divisions to be updated, the number was 260 according to the performance report.	The preparation of regional land use plans had been done under several steps and the Assistant Directors (L.U.P.) had been informed to hand over the final plan to the head office as a printed or soft copy before the end of the year 2023. The preparation of all these 323 plans had been started simultaneously, and 260 final plan reports out of them had been received at the head office by the end of December 2023.	Measures should be taken to accomplish the tasks mentioned in the action plan.

3.3 Procurements

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though the departmental procurement plan had been submitted on 24 January 2023, the annual procurement plan had been prepared before 10 December 2022 in terms of the provisions mentioned in paragraph 04 of the State Finance Circular No. 02/2020 dated 28 August 2020. However, approval for the same had been received only from the Accounting Officer but not from the Chief Accounting Officer.	It has been noted to submit correctly from next year.	The approval of the Chief Accounting Officer should be obtained as per the circular.
(b) Even though the main procurement plan for a period of at least 03 years should have been listed in the main procurement plan by the procurement entity in terms of the 4.2.1 (a) of the procurement guidelines, the main procurement plan had not been prepared the department according to the guidelines.	It has been noted to submit correctly from next year.	The provisions of the Procurement Guidelines shall be followed.

4. Good Governance

4.1 Internal Audit

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
An internal auditor had not been appointed by Accounting Officer of the department for the Department from 01 February 2022 as per the provisions of the Section 40 (1) of the National Audit Act No. 19 of 2018.	Since requests had been made for the appointment of an internal auditor but not appointed, measures will be taken to perform this work as per the request made by me through letter no. LUPPD/1/2/-I dated 18 October 2023 to perform this work through the Audit Division of the Ministry of Tourism and Lands.	An internal auditor should be appointed for the department.

5. Human Resource Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
Even though the approved cadre for the department is 697, the actual cadre was 620 and the total number of vacancies was 77 including 21 senior level vacancies, 1 tertiary level vacancies and 36 secondary level vacancies, and 19 primary level vacancies.	Recommendations had been sent to suppress one post out of the 4 approved posts of the S.L.A.S. and to create a post of Legal Officer by suppressing another post. 25 posts of Assistant/Deputy Director (District Land Utilization) had been approved as one post per district office, and recruitments have been made for 06 posts by now. It had been sent for approval to recruit for available vacancies. Similarly, measures are being taken to fill vacancies by conducting limited and open competitive examinations for the posts of Departmental Assistant/Deputy Director.	A re-review of the approved cadre should be done based on the performance indicators.